NDIA ICPM
Business Case Analysis for Data Rights and Open Systems Architecture

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Government's Rights to Data – a Powerful Tool

The Government will evaluate its rights to data more comprehensively than in the past to inform its acquisition decisions. There will be an impact to how we award contracts to ensure access to data necessary for competition over the life cycle.

Key items for consideration include:

Where will the Government accept limited or restricted IP rights that will allow a firm to establish and retain strong market positions?

How will the Government execute life cycle support in these cases?

Today's Agenda

- Leveraging open systems and rights to data to promote real competition
- Broadening Acquisition Choices
- Developing Business Cases Across DoD

Today's discussion focuses on leveraging open systems and data rights to open up competition

In 2010, AT&L mandated change thru the Better Buying Power Initiative. Initiative 3 is aimed at Promoting Real Competition

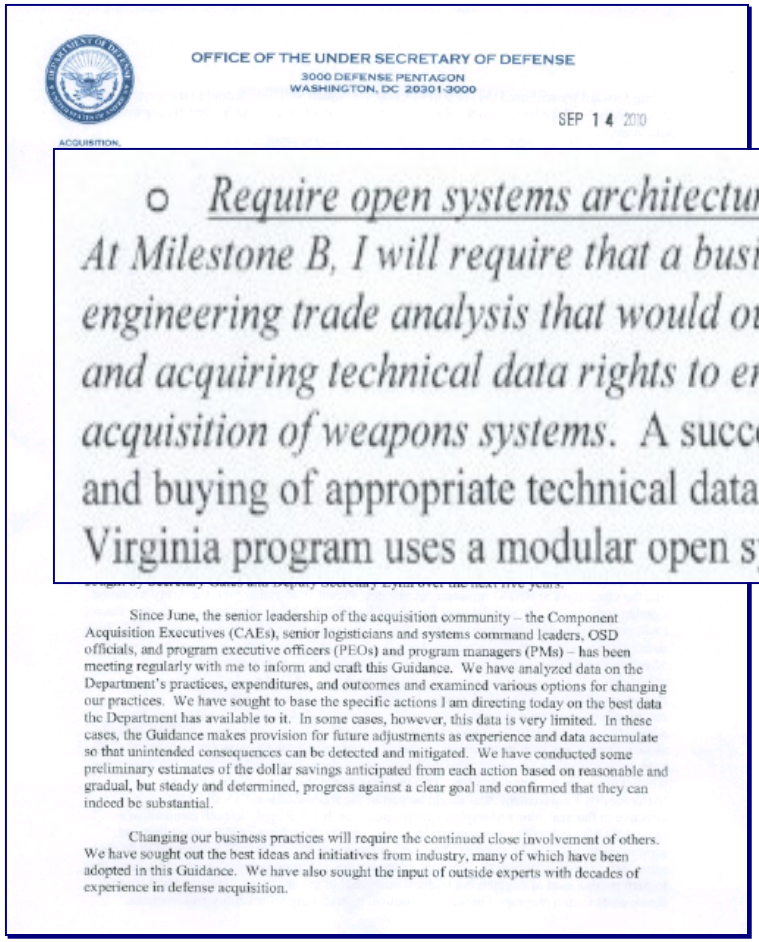
Real competition is the single most powerful tool available to the Department to drive productivity. Real competition is to be distinguished from a series of directed buys or other contrived two-source situations which do not harness the full energy of competition. Competition is not always available, but evidence suggests that the government is not availing itself of all possible competitive situations.

The Government will exercise its rights to data needed to support competition over the life cycle

- The Government has rights to data and software which it paid to develop;
- The Data Rights Strategy is used to support a competition strategy:
  - Systems Engineering Artifacts for all funded development
  - Form Fit Function
  - Operations Maintenance Installation and Training, etc.
- Contractor assertions of Limited or Restricted (L/R) Rights will be scrutinized to understand their impact on the life cycle
  - Government will evaluate options for those data
- L/R IP may be the best value alternative for the Government if the interfaces are clearly defined and made available to third parties.

The Department is mandating business cases to evaluate alternatives and broaden its acquisition choices

Sept 2010 BBP Initiative



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SEP 14 2010

ACQUISITION,

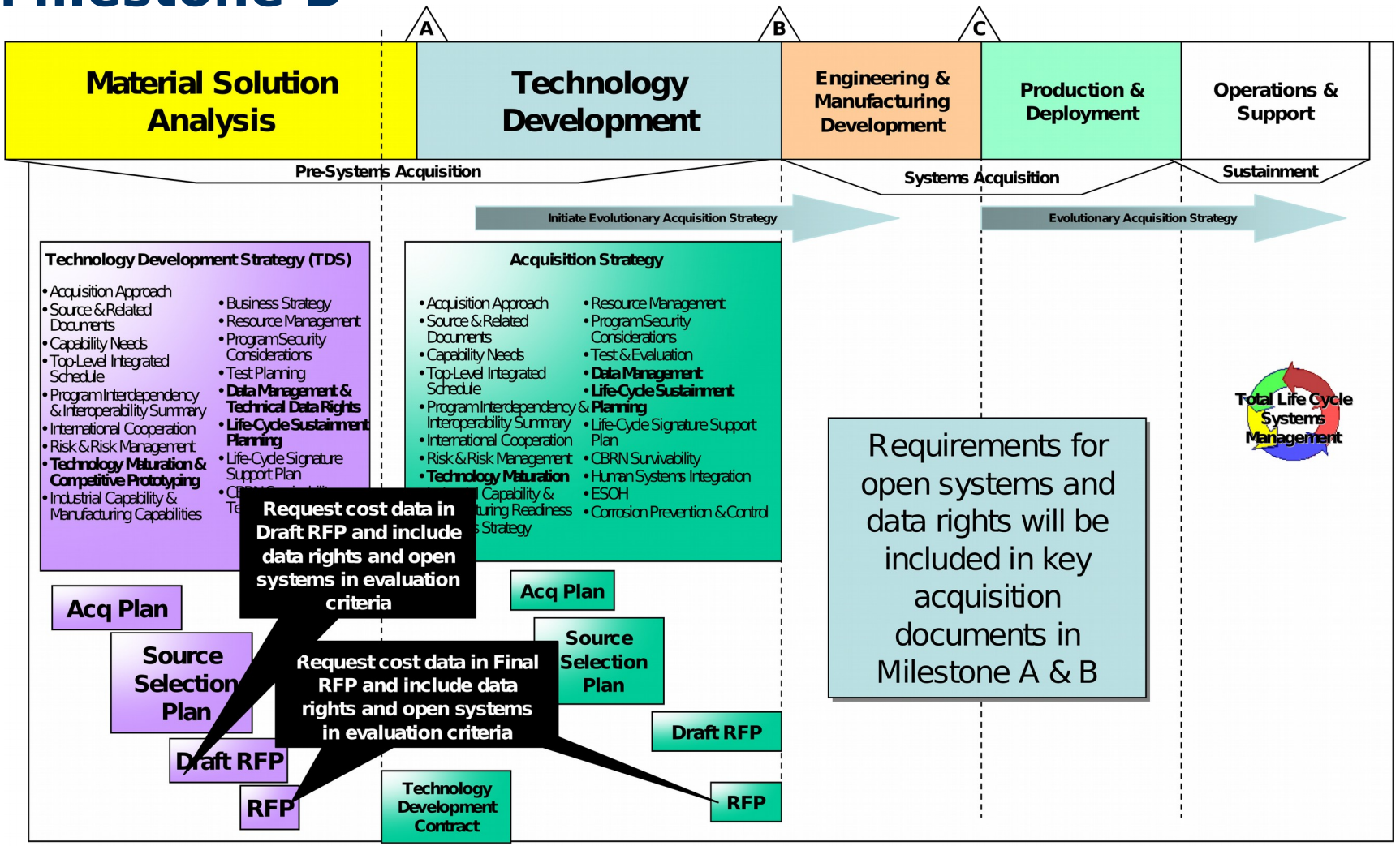
- *Require open systems architectures and set rules for acquisition of technical data rights. At Milestone B, I will require that a business case analysis be conducted in concert with the engineering trade analysis that would outline an approach for using open systems architectures and acquiring technical data rights to ensure sustained consideration of competition in the acquisition of weapons systems.* A successful example of the strategic use of open architecture and buying of appropriate technical data rights is the Navy's Virginia-class SSN program. The Virginia program uses a modular open systems architecture

Since June, the senior leadership of the acquisition community – the Component Acquisition Executives (CAEs), senior logisticians and systems command leaders, OSD officials, and program executive officers (PEOs) and program managers (PMs) – has been meeting regularly with me to inform and craft this Guidance. We have analyzed data on the Department's practices, expenditures, and outcomes and examined various options for changing our practices. We have sought to base the specific actions I am directing today on the best data the Department has available to it. In some cases, however, this data is very limited. In these cases, the Guidance makes provision for future adjustments as experience and data accumulate so that unintended consequences can be detected and mitigated. We have conducted some preliminary estimates of the dollar savings anticipated from each action based on reasonable and gradual, but steady and determined, progress against a clear goal and confirmed that they can indeed be substantial.

Changing our business practices will require the continued close involvement of others. We have sought out the best ideas and initiatives from industry, many of which have been adopted in this Guidance. We have also sought the input of outside experts with decades of experience in defense acquisition.

Business cases for open systems and data rights are now required

Business cases evaluating costs and benefits will begin prior to Milestone A and conclude at Milestone B


A
B
C
Material Solution Analysis
Technology Development
Engineering & Manufacturing Development
Production & Deployment
Operations & Support
Pre-Systems Acquisition
Systems Acquisition
Sustainment
Initiate Evolutionary Acquisition Strategy
Evolutionary Acquisition Strategy
Technology Development Strategy (TDS)
• Acquisition Approach
• Source & Related Documents
• Capability Needs
• Top-Level Integrated Schedule
• Program Interdependency & Interoperability Summary
• International Cooperation
• Risk & Risk Management
• Technology Maturation & Competitive Prototyping
• Industrial Capability & Manufacturing Capabilities
• Business Strategy
• Resource Management
• Program Security Considerations
• Test Planning
• Data Management & Technical Data Rights
• Life-Cycle Sustainment Planning
• Life-Cycle Signature Support Plan
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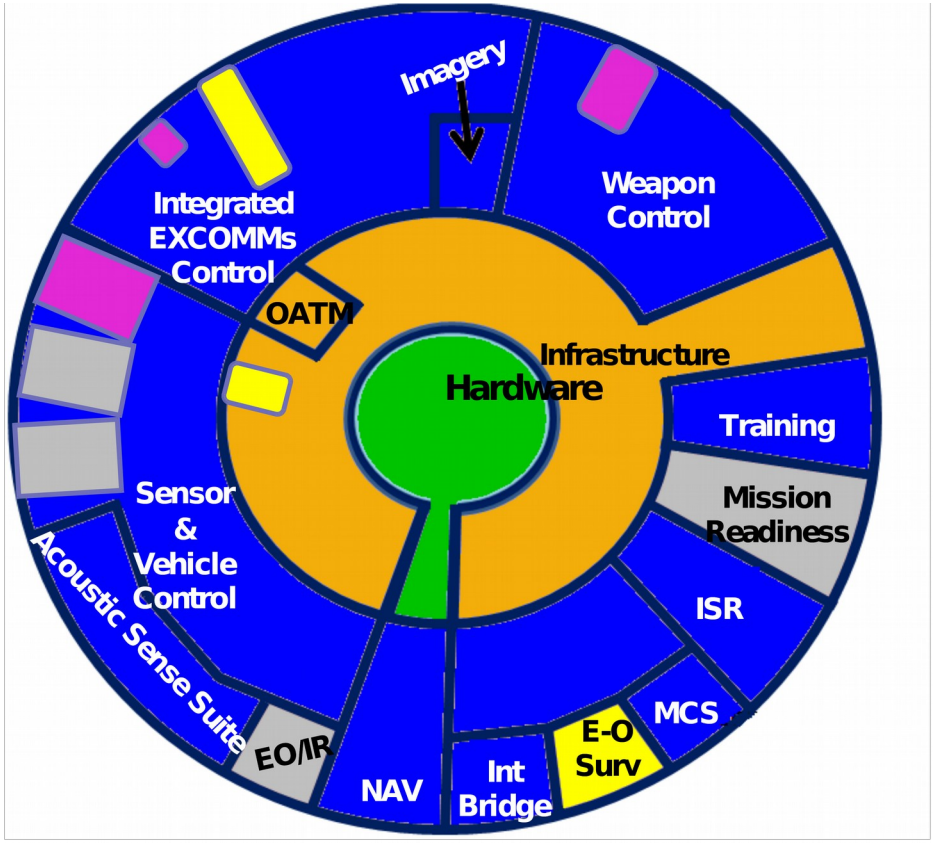
• Program Security Considerations
• Test & Evaluation
• Data Management
• Life-Cycle Sustainment Planning
• Life-Cycle Signature Support Plan
• CBRN Survivability
• Human Systems Integration
• ESOH
• Corrosion Prevention & Control
Request cost data in Draft RFP and include data rights and open systems in evaluation criteria
Request cost data in Final RFP and include data rights and open systems in evaluation criteria
Acq Plan
Source Selection Plan
Draft RFP
RFP
Technology Development Contract
Acq Plan
Source Selection Plan
Draft RFP
RFP
Requirements for open systems and data rights will be included in key acquisition documents in Milestone A & B
Total Life Cycle Systems Management

The business cases will have implications for Industry

- Pre-Milestone A Business Case for Data Rights will…
  - Directly impact Milestone A RFPs including requirements;
  - Support investment decision-making for Acquisition Strategies
  - Shape what is Government-funded vs. privately funded during the Technology Development Phase;
  - Help identify key system components that cannot be proprietary
    - Ensure the ability to use competition throughout the system life cycle.
- Pre-Milestone B Business Case for Data Rights will…
  - Directly impact Milestone B RFPs including requirements;
  - Inform Program decisions on acquiring additional data rights (where needed) in support of Engineering and Manufacturing Development (EMD); Production and Deployment; and, Operations and Support (O&S).

Example – Understanding where we don't have rights and may need to compete later on

- Commercial Rights
- Unlimited Rights
- GPR
- Limited/ Restricted Rights
- SBIR
- Specially Negotiated Rights



Proprietary Components Have a Place in an Open Architecture

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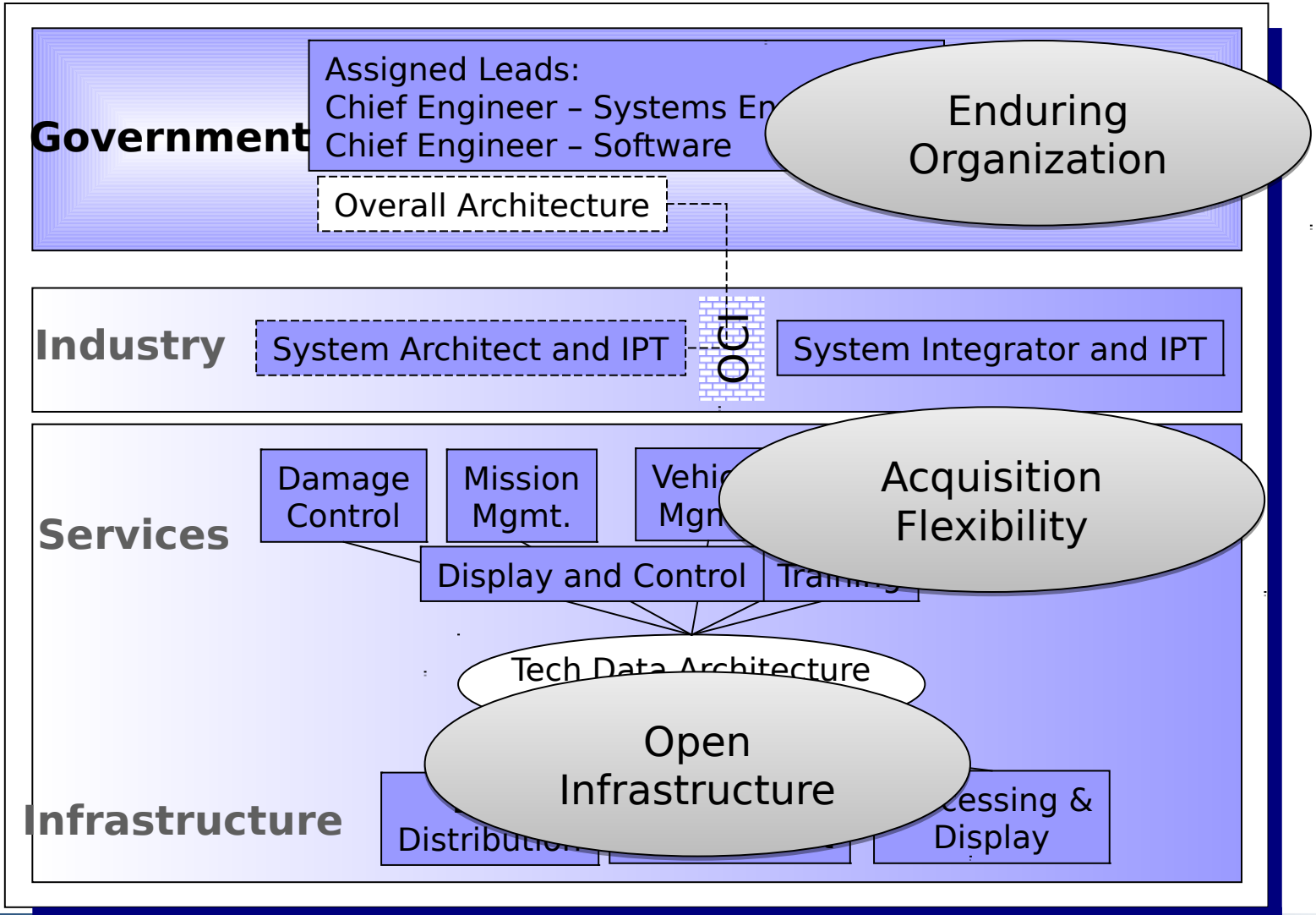
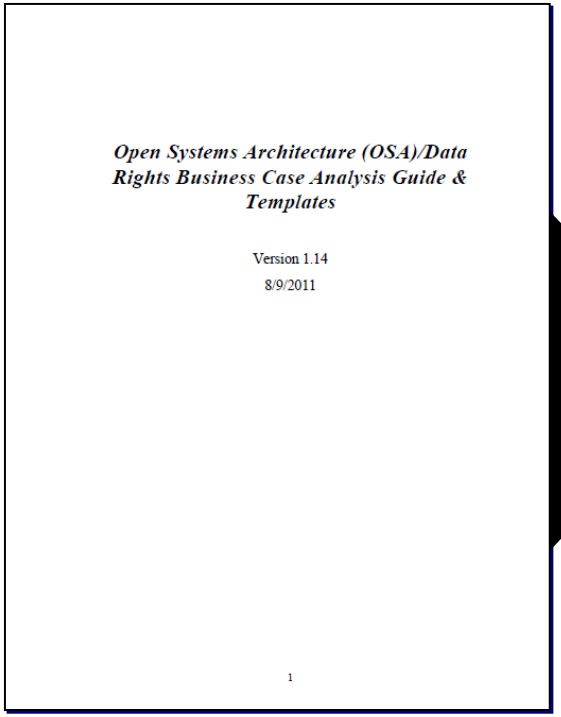
Our approach to Acquisition and System Design is changing



A Guide and Templates will be used to build the case



Open Systems Architecture (OSA)/Data Rights Business Case Analysis Guide & Templates

Version 1.14

8/9/2011

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Building the business case contains 7 steps

- **Step 1 – Stand Up the Business Case Development Team**

- **Step 2 - Identify and Analyze Assumptions and Alternatives**
  - General Assumptions;
  - Family of Systems Assumptions;
  - Acquisition Strategy Assumptions; and
  - Alternative Specific Assumptions.

- Following identification of assumptions, each alternative will be analyzed to detail the costs and benefits.
  - Costs associated with Open Systems
  - Costs associated with Data Rights

…continued

- **Step 3 – Evaluate Risks**
  - Identified Risk;
  - Risk Consequence;
  - Risk Likelihood; and
  - Identified Actions Required/Costs to Mitigate Risk.

- **Step 4 - Assess Overall Business Case and Key Alternatives**

- **Step 5 - Address Uncertainty for Selected Alternatives**

- **Step 6 - Package and Present Results**

- **Step 7 - Business Case Closeout**

Next Steps

- Obtain Industry feedback on the Business Case Process and Templates
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- Implement the business case process in programs